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SUBJECT: DUBAI INDUSTRIAL CITY: DEVELOPING THE MANUFACTURING AND
INDUSTRIAL SECTORS OF DUBAI

REF: A) DUBAI 249. B) DUBAI 101

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Sensitive but Unclassified; please protect accordingly. Also
contains business proprietary information.

¶1. (U) Summary: A massive and ambitious Dubai Industrial City (DIC) aims to expand an oft-forgotten (and growing) source of Dubai's GDP: manufacturing and industry. Targeting the "transport and logistic services" and "trade and storage" building blocks of Sheikh Mohammed bin Rashid's 2015 Strategic Plan, the 55 square kilometer complex will focus on a number of complementary elements: A six-zone manufacturing sector; a dedicated logistics component; a standards compliance body; a centralized administrative facility; technical and vocational training facilities; commercial and residential real estate, including hotels, convention centers, schools, hospitals, and other modern city essentials; and labor accommodation facilities eventually able to house approximately 90,000 laborers. Though distinct from the Dubai World Central (DWC) development (ref A), the fact that DIC is located adjacent to DWC - particularly the new Al Maktoum International Airport - positions DIC as a powerful contributor to the industrial and manufacturing components of Dubai's economic engine.

¶2. (U) Summary continued: A number of key infrastructure developments at DIC are progressing, including partial roadway, power, and sewage facilities. Full infrastructure completion is scheduled for 2009. Currently, two factories are operating in DIC, with a further nine under construction. When ultimately finished in 2015, DIC is expected to house between 300,000 and 500,000 people. End summary.

DIC: A Component of Sheikh Mohammad's 2015 Vision

¶3. (U) Under development by Tatweer, a subsidiary of the parastatal conglomerate Dubai Holding, DIC is poised to significantly enhance Dubai's contribution to the UAE's industrial and manufacturing sectors and further diversify the emirate's economy. Located adjacent to the Al Maktoum International Airport now under development (part of the much larger Dubai World Central concept designed to offer a broad galaxy of services) and the expanding Jebel Ali Port and Free Zone, DIC's manufacturing and supplementary service offerings will complement the existing facilities and planned enhancements of these projects.

Transforming Dubai's Manufacturing Sector

14. (SBU) According to DIC CEO Rashid Al Ansari, the core nexus of DIC will be six separate, yet interdependent manufacturing zones, each chosen based on strong historical and prospective growth:

- 1) Machinery and Mechanical Equipment (turbines, electrical generation, home appliances, etc.);
- 2) Transportation Equipment and Parts, (equipment designed for vehicles, aircraft, and vessels);
- 3) Base Metals (aluminum, steel, precious metals, etc.);
- 4) Chemicals (with a focus toward high-end industrial, medical, and pharmaceutical products);
- 5) Mineral Products; and
- 6) Food and Beverage (mainly high value-added food and beverage products for the GCC and MENA region).

The company has received commitments from a number of international conglomerates including Porsche, BMW, DHL, Siemens, and BASF, just to name a few.

Protecting the Dubai Brand: Ensuring Quality, Health, Safety, and Environmental Standards (QHSE)

15. (SBU) Developed by DIC as an oversight function to ensure strict international QHSE compatibility, the 'Maqayees' (translated as 'standards') Center will review and approve prospective DIC tenant applications, monitor construction progress throughout the facility, scrutinize each tenant's QHSE practices, and manage the "Dubai Quality Mark," a DIC-developed

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trademark intended to establish and maintain international QHSE standards. Al Ansari stressed that DIC was committed to maintaining the highest levels of quality and noted that in 2007, 35 percent of DIC tenant applications were rejected because the prospective companies failed to meet DIC's minimum established standards.

Supplemental Services Allow Tenants to Focus on Core Business

16. (U) In addition to the six targeted manufacturing zones, DIC plans a range of complementary, value-added business services for tenant companies and external clients, allowing customers to concentrate on their core business functions. TransPark Dubai (also trademarked by DIC) will offer a full range of logistics services, such as specialized warehousing, packaging, and freight forwarding. Equally important, the close proximity of the new Al Maktoum Airport and the Jebel Ali Port (either within approximately 10 minutes' drive) will significantly enhance the comparative advantages of DIC's logistics offerings.

17. (U) DIC also features a centralized, "one stop shopping" administrative facility that houses representatives from relevant government authorities, as well as insurance, banking, and associated hospitality services. Dubai Industrial Academy - the first of its kind in Dubai - will provide on-site vocational and academic instruction and certification in a number of different fields, including manufacturing, in addition to oil, gas and petro-chemical engineering.

18. (U) Despite its industrial focus, DIC will also incorporate residential and commercial developments designed to complement its tenant companies. Planned amenities include residential housing, retail shopping, hotels, convention/business centers, hospitals, civil defense facilities, and other community amenities. Additionally, on-site labor accommodations spread

throughout the site will ultimately provide modern, self-contained housing for an anticipated 87,500 laborers. (Currently, there are approximately 10,000 laborers living in DIC).

Can DEWA Step Up to the Challenge?

¶9. (SBU) When asked about power and water supplies to support DIC's ambitions, Al Ansari confirmed that Dubai Electrical and Water Authority (DEWA) has agreed to supply all of the facility's anticipated demands. Pressed about past and projected future power shortages in Dubai and the other emirates, he acknowledged the challenges faced by some companies in obtaining sufficient power (ref B), but remained optimistic that DEWA would/could ultimately meet its obligations. (During a tour of the facility, Pol/Econ Officer noted several recently or partially-completed DEWA substations throughout the complex).

Comment

¶10. (SBU) Dubai is often thought of as a tourist and financial hub, but manufacturing and industry are important diversifying elements to the emirate's growing economy. The establishment and completion of DIC would strengthen Dubai's standing as a regional leader in manufacturing and industry, especially in the six specialized focus areas. Moreover, the development of these 55 square kilometers adjacent to the 140 square kilometers designated for DWC, as well as the ever-expanding Jebel Ali Port, will facilitate Dubai's regional and international exposure in these sectors. Whether or not DEWA can provide what will no doubt be a massive demand for electricity and water resources, however, is a crucial, yet unanswered question. Should they fail to deliver as promised, the entire concept could stall. End comment.
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